

WRIGHT COUNTY
Clarion, Iowa

INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
June 30, 2009

WRIGHT COUNTY, IOWA
Clarion, Iowa

TABLE OF CONTENTS

	<u>Page</u>
OFFICIALS	1
INDEPENDENT AUDITORS' REPORT	2-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-9
BASIC FINANCIAL STATEMENTS:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Assets	A 10
Statement of Activities	B 11
Governmental Fund Financial Statements:	
Balance Sheet	C 12-13
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D 14
Statement of Revenues, Expenditures and Changes in Fund Balances	E 15-16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F 17
Proprietary Fund Financial Statements:	
Statement of Net Assets	G 18
Statement of Revenues, Expenses, and Changes in Fund Net Assets	H 19
Statement of Cash Flows	I 20
Fiduciary Fund Financial Statement:	
Statement of Fiduciary Assets and Liabilities – Agency Funds	J 21
Notes to Financial Statements	22-38
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds	39
Budget to GAAP Reconciliation	40
Notes to Required Supplementary Information – Budgetary Reporting ..	41
Schedule of Funding Progress for the Retiree Health Plan	42

TABLE OF CONTENTS

OTHER SUPPLEMENTARY INFORMATION:	<u>Schedule</u>	<u>Page</u>
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	43-46
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	47-50
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	51-52
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	53-54
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	5	55-56
Schedule of Expenditures of Federal Awards	6	57-58
 INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>		 59-60
 INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133		 61-62
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS		 63-69

WRIGHT COUNTY
Clarion, Iowa

OFFICIALS

(Before January 2009)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Rodney Toftey.....	Board of Supervisors	January 2011
Myron Amdahl	Board of Supervisors	January 2011
Larry E. Olson.....	Board of Supervisors	January 2009
Caye Chelesvig	Board of Supervisors	January 2009
Stan Watne.....	Board of Supervisors	January 2009
Betty Ellis	County Auditor.....	January 2009
Peggy Schluttenhofer	County Treasurer	January 2011
Dwight N. Reiland	County Recorder	January 2011
Paul J. Schultz.....	County Sheriff	January 2009
Eric Simonson.....	County Attorney.....	January 2011
Kathy Waddell	County Assessor.....	Appointed

(After January 2009)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Rodney Toftey.....	Board of Supervisors	January 2011
Myron Amdahl	Board of Supervisors	January 2011
Stan Watne.....	Board of Supervisors	January 2013
Lucas Beenken	Board of Supervisors	January 2013
Larry Maasdam	Board of Supervisors	January 2013
Betty Ellis	County Auditor.....	January 2013
Peggy Schluttenhofer	County Treasurer	January 2011
Dwight N. Reiland	County Recorder	January 2011
Paul J. Schultz.....	County Sheriff	January 2013
Eric Simonson.....	County Attorney.....	January 2011
Denise Baker.....	County Assessor.....	Appointed



Gardiner Thomsen
Certified Public Accountants

Independent Auditors' Report

To the Officials of Wright County
Clarion, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wright County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Wright County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wright County at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2010 on our consideration of Wright County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 4 - 9 and 39 - 42 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wright County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on these financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

April 28, 2010

Gardiner Thomsen, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Wright County provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Government wide funds revenue increased approximately \$1,386,603 from fiscal year 2008. The increase was primarily due to property tax, local option tax and intergovernmental revenue.
- Program expenses decreased from \$14.5 million in fiscal year 2008 to \$14.4 million in fiscal year 2009.
- Net assets increased approximately \$820,447 from fiscal year 2008.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other information as follows:

- *Management's Discussion and Analysis* introduces the basic financial statements and provides an analytical overview of the government's financial activities.
- The *Government-wide Financial Statement* consists of a statement of net assets and a statement of activities. These provide information about the activities of Wright County as a whole and present an overall view of the County's finances.
- The *Fund Financial Statements* tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Wright County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Wright County acts solely as an agent or custodian for the benefit of those outside of the government.
- *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- *Required Supplementary Information other than MD&A* provides detailed information about the nonmajor governmental and the individual fiduciary funds, as well as the required budgetary comparison information.
- *Other Supplementary Information* provides detailed information about the nonmajor special revenue and the individual agency funds.

REPORTING THE COUNTY AS A WHOLE:

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting

used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administrative services, interest on long-term debt and other non-program activities. Property tax and state and federal grants finance most of these activities.

REPORTING THE COUNTY BY FUNDS:

Fund Financial Statements

The fund financial statements provide detailed information about individual, significant funds; not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These fund statements focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) General Fund, 2) Special Revenue Funds such as Mental Health, Rural Services, Drainage, and Secondary Roads, 3) Debt Service Fund, and 4) Capital Projects Fund. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The financial statements required for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

2) Proprietary funds account for the County's employee group health insurance, an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The proprietary funds required financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the County's own programs. These fiduciary funds include agency funds that account for emergency management services, and the county assessor to name a few.

The financial statements required for fiduciary funds include a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Wright County's net assets for fiscal year 2009 totaled approximately \$18.4 million. This compares to fiscal year 2008 at \$17.6 million. The analysis that follows focuses on the net assets for our governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)

	2009	2008
Current and Other Assets	\$13,084	\$12,434
Capital Assets	14,266	14,632
Total Assets	27,350	27,066
Long-term Debt Outstanding	2,080	2,032
Other Liabilities	6,836	7,420
Total Liabilities	8,916	9,452
Net Assets:		
Invested in Capital Assets, Net of Debt	13,666	13,897
Restricted	2,675	2,650
Unrestricted	2,093	1,067
Total Net Assets	\$18,434	\$17,614

Net assets of Wright County's governmental activities increased by approximately \$820,447 from fiscal year 2008. The largest portion of the County's net assets is the Invested in Capital Assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the Investment in Capital Assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements - is \$2 million.

Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	2009	2008
Revenues:		
Program Revenue:		
Charges for Service	\$1,465	\$1,582
Operating Grants and Contributions	6,890	5,679
Capital Grants and Contributions	139	348
General Revenues:		
Property Taxes	5,422	4,915
Penalty and Interest on Property Taxes	44	38
State Tax Credits	241	255
Local Option Sales Tax	414	381
Unrestricted Investment Earnings	98	219
Loss on Sale of Capital Assets	(2)	35
Other General Revenues	546	420
Total Revenues	<u>15,257</u>	<u>13,872</u>
Program Expenses:		
Public Safety and Legal Services	1,704	1,561
Physical Health and Social Services	3,187	3,034
Mental Health	1,532	1,740
County Environment and Education	984	1,079
Roads and Transportation	4,468	5,099
Government Services to Residents	445	391
Administration	1,329	1,255
Non-Program	756	351
Interest on Long-term Debt	32	38
Total Expenses	<u>14,437</u>	<u>14,548</u>
Increase (Decrease) in Net Assets	820	(676)
Net Assets Beginning of Year	<u>17,614</u>	<u>18,290</u>
Net Assets End of Year	<u><u>\$18,434</u></u>	<u><u>\$17,614</u></u>

The property tax rate in the county-wide levy increased \$.12483 per \$1,000 of valuation and generated \$491,183 more dollars than in the prior year. Taxable values and total dollars levied are as follows:

	2009	2008
Countywide taxable value	\$584,337,190	\$544,092,688
Countywide levy rate without debt	6.56036	6.50494
Dollars levied without debt	3,833,462	3,539,290
County taxable debt service value	603,459,947	558,847,645
County debt service levy rate	0.43262	0.36321
Dollars levied debt service	261,069	202,979
Total countywide rate	6.99298	6.86815
Total dollars levied countywide	4,094,531	3,742,269
Rural taxable value	394,642,549	356,053,239
Rural tax levy rate	3.60	3.60
Dollars levied rural area only	1,420,713	1,281,792
Total dollars levied	\$5,515,244	\$5,024,061

INDIVIDUAL MAJOR FUND ANALYSIS

As Wright County completed the year, its governmental funds reported a combined fund balance of \$6,048,128, which is more than the \$4,891,981 combined fund balance of fiscal year 2008.

The General Fund, the operating fund for Wright County, ended fiscal year 2009 with an unreserved ending balance totaling \$2,361,594, an increase of \$455,588. The Board of Supervisors aim to maintain an ending fund balance of about 25% of expenditures. In fiscal year 2009, ending fund balance was about 37% of expenditures.

Wright County has continued to look for ways to effectively manage the cost of mental health services in the Mental Health Fund. Fiscal year 2009 ended with a \$508,980 balance, whereas fiscal year 2008 ended with \$77,803.

The Rural Service Fund ended fiscal year 2009 with a \$180,456 balance compared to the prior year balance of \$186,601. Property tax revenue for the Rural Services Fund tax increased by \$178,042 in fiscal year 2009, which includes local option sales tax revenue. The other revenues and expenditures within the rural services fund increased slightly.

The Secondary Roads Fund ended fiscal year 2009 with a \$1.4 million balance compared to the prior year balance of \$1.2 million.

The Drainage Fund Balance increased by \$234,910, partially due to the issuance of stamped warrants.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, Wright County amended the budget once. The amendment was made in May 2009. This amendment created an increase in revenues and expenditures of \$881,118 and \$449,147, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2009, Wright County had approximately \$33.7 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads, and bridges. This amount is an increase of approximately \$552,049 from fiscal year 2008 including infrastructure.

Wright County had depreciation expense of \$1.13 million in fiscal year 2009 and total accumulated depreciation of \$19.4 million on the capital assets. This is an increase in fiscal year 2009's total accumulated depreciation of \$917,969.

Debt

At the end of fiscal year 2009, Wright County had \$600,000 in general obligation bond outstanding compared to \$735,000 at the end of fiscal year 2008.

Outstanding debt decreased as a result of the general obligation bond payments for the Jail. The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the county's corporate limits. Wright County's outstanding general obligation debt is significantly below its constitutional debt limit of \$43.5 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Wright County's elected and appointed officials considered many factors when setting the fiscal year 2010 budget, tax rates, and fees charged for various County activities.

The 2009 ending fund balances in a couple of funds were considered as adequate and a decision was made to lower the levy rate to target an ending general fund balance of \$1,100,000 for FYE10. Also, noted was the increased assessed value of \$28.1 million.

Disbursements for FYE10 are budgeted to be about \$142,357 higher than the prior year. The County has added no major new programs or initiatives to the 2010 budget.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Wright County's finances, and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Wright County Auditor's Office, 115 North Main Street, Clarion, IA 50525.

WRIGHT COUNTY
Clarion, Iowa

STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities
ASSETS	
Cash & Pooled Investments	\$5,186,479
Receivables:	
Property Tax:	
Delinquent	8,859
Succeeding Year	4,973,894
Interest and Penalty on Property Tax	399
Accounts	78,169
Accrued Interest	12,104
Drainage Assessments	594,854
Due From Other Governments	1,009,690
Loans Receivable	371,328
Inventories	607,625
Prepaid Insurance	240,870
Capital Assets (Net of Accumulated Depreciation)	14,265,852
TOTAL ASSETS	<u>27,350,123</u>
LIABILITIES	
Accounts Payable	554,589
Salaries & Benefits Payable	185,276
Due To Other Governments	166,517
Deferred Revenue:	
Succeeding Year Property Tax	4,973,894
Other	943,433
Accrued Interest Payable	12,206
Long Term Liabilities:	
Portion Due or Payable Within One Year:	
General Obligation Notes	140,000
USDA Promissory Notes	14,481
Compensated Absences	341,872
Portion Due or Payable After One Year:	
General Obligation Notes	460,000
USDA Promissory Notes	235,378
Drainage Warrants/Improvement Certificates	831,502
Net OPEB Liability	57,291
TOTAL LIABILITIES	<u>8,916,439</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	13,665,852
Restricted For:	
Mental Health Purposes	516,412
Secondary Roads Purposes	1,311,822
Debt Service	32,343
Capital Projects	(14,464)
Internal Service	95,689
Other Purposes	971,694
Drainage Warrants/Improvement Certificates	(238,646)
Unrestricted	<u>2,092,982</u>
TOTAL NET ASSETS	<u><u>\$18,433,684</u></u>

See Notes to Financial Statements.

WRIGHT COUNTY
Clarion, Iowa

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

		Program Revenues			
			Operating Grants, Contributions & Restricted Interest	Capital Grants, Contributions & Restricted Interest	Net (Expense) Revenue & Changes in Net Assets
	Expenses	Charges for Service			
FUNCTIONS/PROGRAMS:					
Governmental Activities:					
Public Safety & Legal Services	\$1,704,579	\$119,919	\$1,925	\$0	\$(1,582,735)
Physical Health & Social Services	3,187,026	157,314	2,656,284	0	(373,428)
Mental Health	1,532,091	354,861	1,056,206	0	(121,024)
County Environment & Education	983,592	215,230	26,945	0	(741,417)
Roads & Transportation	4,467,637	75,694	2,615,592	139,933	(1,636,418)
Governmental Services to Residents	445,498	209,211	0	0	(236,287)
Administration	1,329,093	39,342	0	0	(1,289,751)
Non-Program	755,589	293,942	533,521	0	71,874
Interest on Long-Term Debt	32,368	0	0	0	(32,368)
TOTAL	\$14,437,473	\$1,465,513	\$6,890,473	\$139,933	(5,941,554)
GENERAL REVENUES:					
Property & Other County Tax Levied For:					
General Purposes					5,165,897
Debt Service					256,753
Penalties & Interest on Property Tax					44,104
State Tax Credits					240,555
Local Option Sales Tax					414,295
Unrestricted Investment Earnings					98,204
Miscellaneous					545,621
Loss on Disposal of Capital Assets					(3,428)
TOTAL GENERAL REVENUES					6,762,001
CHANGE IN NET ASSETS					820,447
NET ASSETS, BEGINNING OF YEAR					17,613,237
NET ASSETS, END OF YEAR					\$18,433,684

See Notes to Financial Statements.

WRIGHT COUNTY
Clarion, Iowa

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Special Revenue	
		Mental Health	Rural Services
ASSETS			
Cash & Pooled Investments	\$1,930,352	\$462,710	\$409,753
Receivables:			
Property Tax:			
Delinquent	7,098	1,258	130
Succeeding Year	2,877,863	510,153	1,429,840
Interest and Penalty on Property Tax	399	0	0
Accounts	74,166	108	0
Assessments	0	0	0
Accrued Interest	11,094	0	0
Due From Other Funds	11,757	0	0
Due From Other Governments	423,906	251,659	80,401
Note Receivable	0	0	0
Inventories	0	0	0
Prepaid Insurance	135,377	0	0
TOTAL ASSETS	\$5,472,012	\$1,225,888	\$1,920,124

LIABILITIES & FUND BALANCES

Liabilities:			
Accounts Payable	\$86,640	\$36,490	\$0
Salaries & Benefits Payable	111,293	10,895	6,659
Accrued Interest	0	0	0
Due to Other Funds	0	0	303,132
Due To Other Governments	6,407	151,938	0
Compensated Absences	5,477	0	0
Deferred Revenue:			
Succeeding Year Property Tax	2,877,863	510,153	1,429,840
Other	22,738	7,432	37
Total Liabilities	3,110,418	716,908	1,739,668

Fund Balances:

Reserved For:			
Inventories	0	0	0
Debt Service	0	0	0
Drainage	0	0	0
Unreserved, Reported In:			
General Fund	2,361,594	0	0
Special Revenue Funds	0	508,980	180,456
Capital Projects Fund	0	0	0
Total Fund Balances	2,361,594	508,980	180,456
TOTAL LIABILITIES & FUND BALANCES	\$5,472,012	\$1,225,888	\$1,920,124

See Notes to Financial Statements.

<u>Special Revenue</u>			
<u>Secondary</u>			
Roads	Drainage	Nonmajor	Total
\$626,543	\$571,734	\$1,052,324	\$5,053,416
0	0	373	8,859
0	0	156,038	4,973,894
0	0	0	399
2,336	0	1,559	78,169
0	594,854	0	594,854
0	0	961	12,055
303,132	0	0	314,889
181,755	69,813	2,156	1,009,690
0	0	371,328	371,328
607,625	0	0	607,625
105,493	0	0	240,870
<u>\$1,826,884</u>	<u>\$1,236,401</u>	<u>\$1,584,739</u>	<u>\$13,266,048</u>

\$348,124	\$29,473	\$28,196	\$528,923
56,429	0	0	185,276
0	7,637	0	7,637
0	0	0	303,132
8,172	0	0	166,517
6,632	0	0	12,109
0	0	156,038	4,973,894
35	638,498	371,692	1,040,432
<u>419,392</u>	<u>675,608</u>	<u>555,926</u>	<u>7,217,920</u>

607,625	0	0	607,625
0	0	34,257	34,257
0	60,695	0	60,695
0	0	0	2,361,594
799,867	500,098	1,009,020	2,998,421
0	0	(14,464)	(14,464)
<u>1,407,492</u>	<u>560,793</u>	<u>1,028,813</u>	<u>6,048,128</u>
<u>\$1,826,884</u>	<u>\$1,236,401</u>	<u>\$1,584,739</u>	<u>\$13,266,048</u>

WRIGHT COUNTY
Clarion, Iowa

RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

June 30, 2009

Total Governmental Fund Balances (Page 13)	\$6,048,128
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$33,726,725 and the accumulated depreciation is \$19,460,873.	14,265,852
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Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	96,999
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The Internal Service Fund is used by management to charge the costs of self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in Governmental Activities in the Statement of Net Assets.	95,689
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Long-term liabilities, including bonds payable, compensated absences payable, and accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,072,984)</u>
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Net Assets of Governmental Activities (Page 10)	<u><u>\$18,433,684</u></u>
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See Notes to Financial Statements.

WRIGHT COUNTY
Clarion, Iowa

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009**

	Special Revenue		
	General	Mental Health	Rural Services
REVENUES:			
Property & Other County Tax	\$3,238,796	\$527,837	\$1,812,695
Interest & Penalty on Property Tax	44,104	0	0
Intergovernmental	2,856,302	1,429,735	60,247
Licenses & Permits	5,725	0	0
Charges for Service	535,649	0	0
Use of Money & Property	138,130	0	0
Miscellaneous	68,507	3,023	0
Non – program	0	0	0
Total Revenues	6,887,213	1,960,595	1,872,942
EXPENDITURES:			
Operating:			
Public Safety & Legal Services	1,160,007	0	463,472
Physical Health & Social Services	3,141,229	0	0
Mental Health	0	1,529,418	0
County Environment & Education	551,934	0	201,324
Roads and Transportation	0	0	0
Governmental Services to Residents	425,192	0	1,763
Administrative Services	1,018,298	0	0
Non – program	33,575	0	0
Debt Service	0	0	0
Capital Projects	0	0	0
Total Expenditures	6,330,235	1,529,418	666,559
Excess (Deficiency) of Revenues Over (Under) Expenditures	556,978	431,177	1,206,383
Other Financing Sources (Uses):			
Interfund Loan	55,150	0	0
Interfund Loan	(55,150)	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	(101,390)	0	(1,212,528)
Proceeds from Issuance of Stamped Warrants	0	0	0
Total Other Financing Sources (Uses)	(101,390)	0	(1,212,528)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	455,588	431,177	(6,145)
Fund Balances – Beginning of Year	1,906,006	77,803	186,601
Decrease in Reserve for Inventories	0	0	0
Fund Balances – End of Year	\$2,361,594	\$508,980	\$180,456

See Notes to Financial Statements.

<u>Special Revenue</u>			
<u>Secondary</u>			
<u>Roads</u>	<u>Drainage</u>	<u>Nonmajor</u>	<u>Total</u>
\$0	\$0	\$256,800	\$5,836,128
0	0	0	44,104
2,615,593	0	43,189	7,005,066
7,224	0	0	12,949
0	0	21,942	557,591
0	0	145,582	283,712
83,431	0	177,710	332,671
0	874,142	0	874,142
2,706,248	874,142	645,223	14,946,363
0	0	25,881	1,649,360
0	0	22,157	3,163,386
0	0	0	1,529,418
0	0	212,728	965,986
3,645,625	0	0	3,645,625
0	0	11,517	438,472
0	0	24,503	1,042,801
0	898,125	0	931,700
0	0	282,208	282,208
286,772	0	150,296	437,068
3,932,397	898,125	729,290	14,086,024
(1,226,149)	(23,983)	(84,067)	860,339
0	0	55,130	110,300
0	0	(55,130)	(110,300)
1,313,918	0	2,371	1,316,289
0	0	(2,371)	(1,316,289)
0	258,893	0	258,893
1,313,918	258,893	0	258,893
87,769	234,910	(84,067)	1,119,232
1,282,806	325,883	1,112,880	4,891,979
36,917	0	0	36,917
\$1,407,492	\$560,793	\$1,028,813	\$6,048,128

WRIGHT COUNTY

Clarion, Iowa

**RECONCILIATION OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds (Page 16) \$1,119,232

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures and contributed capital assets as follows:

Expenditures for capital assets	\$668,985	
Capital assets contributed by the Iowa Department of Transportation	139,933	
Depreciation Expense	<u>(1,139,347)</u>	(330,429)

In the Statement of Activities, the loss on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources.

(3,428)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds as follows:

Property Tax	818	
Other	<u>36,589</u>	37,407

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues as follows:

Repaid		135,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds as follows:

USDA Promissory Note	14,338	
Drainage Warrants	(114,845)	
Other Postemployment Benefits	(57,291)	
Compensated Absences	(13,677)	
Interest on Long-Term Debt	<u>840</u>	(170,635)

Inventories in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities will report these items as expenditures in the period that the corresponding net asset is exhausted.

36,917

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

(3,617)

Change in Net Assets of Governmental Activities (Page 11)

\$820,447

See Notes to Financial Statements.

**WRIGHT COUNTY
Clarion, Iowa****STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2009**

	<u>Internal Service Employee Group Health</u>
ASSETS	
Cash and Cash Equivalents	\$121,306
Receivables	
Accrued Interest	<u>49</u>
TOTAL ASSETS	<u><u>\$121,355</u></u>
 LIABILITIES	
Accounts Payable	<u>\$25,666</u>
 NET ASSETS	
Unrestricted	<u><u>\$95,689</u></u>

See Notes to Financial Statements.

WRIGHT COUNTY
Clarion, Iowa

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2009

	Internal Service Employee Group Health
Operating Revenues:	
Reimbursements From Operating Funds	\$1,269,988
Reimbursements From Employees	103,607
Miscellaneous	27,265
Total Operating Revenues	<u>1,400,860</u>
Operating Expenses:	
Medical Claims	199,226
Insurance Premiums	1,092,192
Administrative Fees	11,742
Miscellaneous	102,216
Total Operating Expenses	<u>1,405,376</u>
Operating Loss	(4,516)
Non-Operating Revenues:	
Interest on Investments	<u>899</u>
Net Loss	(3,617)
Net Assets Beginning of Year	<u>99,306</u>
Net Assets End of Year	<u><u>\$95,689</u></u>

See Notes to Financial Statements.

**WRIGHT COUNTY
Clarion, Iowa****STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2009**

	Internal Service Employee Group Health
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Operating Fund Reimbursements	\$1,269,988
Cash Received from Employees & Others	130,872
Cash Payments to Suppliers for Services	<u>(1,388,492)</u>
Net Cash Provided by Operating Activities	<u>12,368</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Investments	<u>979</u>
Net Increase in Cash & Cash Equivalents	13,347
Cash & Cash Equivalents at Beginning of Year	<u>107,959</u>
Cash & Cash Equivalents at End of Year	<u><u>\$121,306</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Loss	\$(4,516)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Increase in Accounts Payable	<u>16,884</u>
Net Cash Provided By Operating Activities	<u><u>\$12,368</u></u>

See Notes to Financial Statements.

**WRIGHT COUNTY
Clarion, Iowa****STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2009****ASSETS**

Cash & Pooled Investments:	
County Treasurer	\$945,258
Other County Officials	19,406
Receivables:	
Property Tax:	
Delinquent	625
Succeeding Year	13,693,357
Accounts	21,727
Accrued Interest	50
Assessments	167,395
TOTAL ASSETS	14,847,818

LIABILITIES

Accounts Payable	14,314
Salaries & Benefits Payable	11,950
Due to Other Governments	14,800,095
Trusts Payable	4,850
Compensated Absences	16,609
TOTAL LIABILITIES	14,847,818

NET ASSETS	\$0
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See Notes to Financial Statements.

WRIGHT COUNTY
Clarion, Iowa

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Wright County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. REPORTING ENTITY

For financial reporting purposes, Wright County has included all funds, organizations, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County.

These financial statements present Wright County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Two hundred forty-seven major drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Though these districts are legally separate from the County, they are controlled, managed and supervised by the Wright County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Wright County Auditor's office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The Wright County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Wright County Assessor's Conference Board, Wright County Emergency Management Commission, and Wright County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

B. BASIS OF PRESENTATION

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for the secondary road construction and maintenance.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

B. BASIS OF PRESENTATION (Continued)

The Drainage Fund is used to account for drainage assessments, drainage repair and issuance of stamped warrants.

Additionally the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Fund - Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units, and/or other funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long term debt, claims, judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply the cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The proprietary fund of the County applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements: Financial Accounting Standards Board Statements of Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on a cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. ASSETS, LIABILITIES AND FUND EQUITY

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable, but has not been collected.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, LIABILITIES AND FUND EQUITY (CONTINUED)

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$50,000
Land, Buildings	25,000
Improvements	25,000
Equipment	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	40-65
Improvements	25-50
Infrastructure	10-65
Equipment	2-20

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, LIABILITIES AND FUND EQUITY (CONTINUED)

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year-end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absence liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-term Liabilities – In the government-wide and proprietary fund financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets – The net assets of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted in any function.

Note 2: Cash and Pooled Investments

The County's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Notes to Financial Statements (Continued)

Note 2: Cash and Pooled Investments (Continued)

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,646,436 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest Rate Risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

Credit risk – The investment in Iowa Public Agency Investment Trust is unrated.

Note 3: Due from and Due to Other Funds

The detail of inter-fund receivables and payables at June 30, 2009 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:	Special Revenue:	
Secondary Road	Rural Services	<u>\$303,132</u>
General Fund	Agency:	
	Auto License and Use Tax	<u>\$11,757</u>

These balances resulted from the time lag between the dates that inter-fund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Note 4: Loans Receivable

Wright County Revolving Housing Assistance Fund – Wright County was the recipient of a grant from the Iowa Finance Authority (Authority) in the amount not to exceed \$100,000 under the Housing Assistance Fund Program. The Housing Assistance Fund Program was created by the Authority to provide a flexible program of financial assistance for housing projects. Funds were received by the County from the Authority as requested and were then disbursed as loans directly to qualifying lenders to lower the purchaser's mortgage amount or pay for rehabilitation costs.

The loans are repaid to Wright County over a five-year period with interest at five percent per annum. The loan repayments remain in the Special Revenue, Wright County Revolving Housing Assistance Fund for future loans to other borrowers. The balance of the loans receivable at June 30, 2009 totaled \$68,667. During the year ended June 30, 2009, \$60,000 was disbursed to homeowners.

Notes to Financial Statements (Continued)

Note 5: Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2009 is as follows:

Transfer To	Transfer From	Amount
Special Revenue:		
Secondary Roads	General Basic	\$101,390
	Special Revenue	
Secondary Roads	Rural Services	1,212,528
Special Revenue:	Special Revenue:	
Federal Forfeiture	State Forfeiture	2,371
Total		<u>\$1,316,289</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Note 6: Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$807,805	\$0	\$0	\$807,805
Construction in Process	105,698	143,684	196,680	52,702
Total capital assets not being depreciated	913,503	143,684	196,680	860,507
Capital assets being depreciated:				
Buildings	4,234,754	117,895	0	4,352,649
Improvements	94,033	109,471	0	203,504
Machinery, Equipment & Vehicles	5,675,719	238,291	224,806	5,689,204
Infrastructure, Road network	22,256,666	364,194	0	22,620,860
Total Capital Assets being depreciated	32,261,172	829,851	224,806	32,866,217
Less Accumulated Depreciation for:				
Buildings	2,341,725	74,434	0	2,416,159
Improvements	6,033	7,208	0	13,241
Machinery, Equipment & Vehicles	3,686,381	335,455	221,378	3,800,458
Infrastructure, Road network	12,508,764	722,250	0	13,231,014
Total Accumulated Depreciation	18,542,903	1,139,347	221,378	19,460,872
Total Capital Assets being depreciated, Net	13,718,269	(309,496)	3,428	13,405,435
Governmental Activities Capital Assets, Net	<u>\$14,631,772</u>	<u>\$ (165,812)</u>	<u>\$200,108</u>	<u>\$14,265,852</u>

Notes to Financial Statements (Continued)

Note 6: Capital Assets (Continued)

Depreciation expense was charged to the following functions:

Governmental activities:	
Public Safety and Legal Services	\$69,358
County Environment and Education	29,431
Roads and Transportation	1,021,904
Administrative services	<u>18,654</u>

Total depreciation expense – Governmental Activities	<u>\$1,139,347</u>
--	--------------------

Note 7: Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$6,407
Special Revenue:		
Mental Health	Services	151,938
Secondary Road		<u>8,172</u>
Total for governmental funds		<u>\$166,517</u>
County Offices:		
Agency:		
Agricultural Extension	Collections	\$167,458
Assessor		266,201
Schools		8,922,843
Community Colleges		508,481
Corporations		3,831,355
Auto License & Use Tax		290,540
All Others		<u>813,217</u>
Total for agency funds		<u>\$14,800,095</u>

Notes to Financial Statements (Continued)

Note 8: Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009, is as follows:

	Capital Loan Notes	Drainage Warrants	Drainage Improvements Certificates	Intermediary Relending Loan	Compensated Absences	Total
Balance – Beginning of Year	\$735,000	\$115,456	\$601,200	\$264,197	\$316,086	\$2,031,939
Additions	0	258,894	32,063	0	13,677	304,634
Reductions	135,000	112,376	63,735	14,338	0	325,449
Balance – End of Year	\$600,000	\$261,974	\$569,528	\$249,859	\$329,763	\$2,011,124
Due within one year	\$140,000	\$0	\$54,838	\$14,481	\$329,763	\$539,082

Capital Loan Notes

A summary of the County's June 30, 2009 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2010	4.40%	\$140,000	\$27,335	\$167,335
2011	4.50%	145,000	21,175	166,175
2012	4.60%	155,000	14,650	169,650
2013	4.70%	160,000	7,520	167,520
Total		\$600,000	\$70,680	\$670,680

During the year ended June 30, 2009, the County retired \$135,000 of the general obligation capital loan notes.

Drainage Warrants/Drainage Improvements Certificates Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented.

Notes to Financial Statements (Continued)

Note 8: Long-Term Liabilities (Continued)

Drainage Warrants/Drainage Improvements Certificates Payable (Continued)

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvements certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest paid to the bearer of the certificate upon receipt of the installment payment plus interest, from the landowners.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue Fund solely from special assessments against benefited properties.

Wright County Intermediary Relending Loan Program

The County entered into an intermediary relending loan program agreement with the Farmers Home Administration (FmHA) dated July 25, 1994, pursuant to the provisions of Chapter 331.402 of the Code of Iowa. The loan agreement is for the purpose of borrowing funds in order to make loans to private persons for economic development through the Wright County Economic Development Corporation. FmHA loaned the County \$400,000 with interest at the fixed rate of one percent per annum. Principal and interest will be paid in 27 equal annual amortized installments beginning on July 25, 1998, with any remaining balance due and payable 30 years from the date of the note. In addition, the County has contributed \$100,000 to the intermediary relending loan program.

Details of the loan repayment requirements are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2010	1.00%	\$14,481	\$2,499	\$16,980
2011	1.00%	14,626	2,354	16,980
2012	1.00%	14,772	2,208	16,980
2013	1.00%	14,920	2,060	16,980
2014	1.00%	15,069	1,911	16,980
2015-2019	1.00%	77,637	7,263	84,900
2020-2024	1.00%	81,597	3,303	84,900
2025	1.00%	16,757	168	16,925
Total		\$249,859	\$21,766	\$271,625

During the year ended June 30, 2009, the County received loan principal repayments of \$54,328, leaving a balance of loans receivable at June 30, 2009 of \$302,661.

Notes to Financial Statements (Continued)

Note 8: Long-Term Liabilities (Continued)

Contingent Liabilities

General Obligation Capital Loan Notes

The County entered into an agreement with the Wright County Area Landfill Authority to assist in financing the cost of acquiring and constructing works and facilities useful for the collection and disposal of solid waste, certain landfill closure costs, equipment, transfer station improvements and composting facilities. The agreement provided for Wright County to sell general obligation capital loan notes on behalf of the Authority for the purpose outlined above. The notes are to be repaid from revenues generated by operation of the landfill. The note was paid in full during the year ended June 30, 2009.

During the year ended June 30, 2009, the Wright County Area Landfill Authority retired \$45,338 of notes.

General Obligation Work Activity Center Notes

During the year ended June 30, 1994, the County received a \$371,800 Farmer's Home Administration (FmHA) community facilities loan on behalf of Unlimited Opportunities, Inc. to assist in the construction of a work activity center. The County issued general obligation work activity center notes to evidence its obligation under the loan agreement. The notes are to be repaid from revenues generated by operation of the work activity center. The loan was paid in full during the year ended June 30, 2009.

Note 9: Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA 50306-9117

Most regular plan members are required to contribute 3.90% of their annual covered salary and the County is required to contribute 6.05% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The County's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$345,544, \$306,403, and \$282,741, respectively, equal to the required contributions for each year.

Notes to Financial Statements (Continued)

Note 10: Other Postemployment Benefits

Wright County implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions during the year ended June 30, 2009.

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 115 active and 5 retired members in the plan. Employees must be age 55 or older at retirement.

The medical/prescription drug benefit, which is a partially self-funded medical plan, is administered by Employee Benefits System. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's OPEB cost is calculated based on the annual required contribution of the County (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The table shows the components of the County's annual OPEB cost for June 30, 2009, the amount actually contributed to the plan and the changes in the County's net OPEB obligation:

Annual required contribution	\$72,003
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Annual OPEB cost (expense)	72,003
Contributions made	(9,848)
Increase in net OPEB obligation	62,155
Net OPEB obligation – beginning of year	0
Net OPEB obligation – end of year	\$62,155

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plan's actual contributions for the year ended June 30, 2009.

For the fiscal year 2009, the County contributed \$9,848 to the medical plan. Plan members receiving benefits contributed \$19,696, or 66% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06-30-2009	\$72,003	13.7%	\$62,155

Notes to Financial Statements (Continued)

Note 10: Other Postemployment Benefits (Continued)

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$537,633, with no actuarial value of assets, resulting in an unfunded actuarial liability (UAAL) of \$537,633. The covered payroll (annual payroll of active employees covered by the plan) was \$4,074,848, and the ratio of the UAAL to the covered payroll was 13.19%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability occurrence of events far into the future. Examples include assumption about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information in the section following the Notes to the Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

As of July 1, 2008 actuarial date, the Frozen Entry Age Actuarial Cost method was used. The actuarial assumptions included a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2007 and applying the termination factors used in IPERS Actuarial Reports as of June 30, 2007.

The salary increase rate was assumed to be 4% per year. The UAAL is being amortized on a level dollar basis over 30 years.

Note 11: Risk Management

Wright County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Notes to Financial Statements (Continued)

Note 11: Risk Management (Continued)

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of an deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contribution to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2009 were \$123,789.

The Pool uses reinsurance and excess risk sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk sharing protection provided by the member's risk sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

Notes to Financial Statements (Continued)

Note 11: Risk Management (Continued)

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. The County assumes responsibility for workers compensation claims in excess of \$1,000,000 and employee blanket bond claims in excess \$100,000 (\$900,000 for the County Treasurer), respectively. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

Note 12: Employee Group Health Fund

The Internal Service, Employee Group Health Fund, was established to account for the partial self-funding of the County's health insurance benefit plan. Wright County purchases health insurance from Wellmark.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. The County's contribution for the year ended June 30, 2009 was \$1,269,988.

Amounts payable from the Employee Group Health Fund at June 30, 2009 total \$18,748, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$95,689 at June 30, 2009 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims being reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid Claims Beginning of Year	<u>\$8,781</u>
Included Claims (Including Claims Incurred but not Reported at June 30, 2009):	
Current Year Events	<u>183,528</u>
Total Incurred Claims	<u>192,309</u>
Payments:	
Current Year Events	173,561
Prior Year Events	<u>8,781</u>
Total Payments	<u>182,342</u>
Unpaid Claims End of Year	<u>\$18,748</u>

Note 13: Financial Condition

The Capital Projects Fund had a deficit balance of \$14,464 at June 30, 2009.

Notes to Financial Statements (Continued)

Note 14: Subsequent Events

The County issued \$615,000 of General Obligation Refunding Capital Loan Notes, dated July 22, 2009.

The Notes were issued to pay the costs of refunding the remaining portion of the County's General Obligation Capital Loan notes dated January 1, 1999, which were issued to build the Wright County Jail.

The notes are binding general obligations of the County payable from the levy of unlimited ad valorem taxes on all taxable property within the County. Interest is due semiannually commencing December 1, 2009 at rates from 1.35% to 2.4% over the life of the notes. Principal is due annually commencing June 1, 2010, until June 1, 2013.

The County anticipates saving approximately \$25,000 as a result of refunding these notes.

The County was in compliance in the issuance of these notes.

WRIGHT COUNTY
Clarion, Iowa

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS,
DISBURSEMENTS AND CHANGES IN BALANCES
BUDGET AND ACTUAL (CASH BASIS) – ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2009**

	Actual	Less Funds Not Required to be Budgeted	Net	Budgeted Amounts		Final to Net Variance Positive (Negative)
				Original	Final	
RECEIPTS:						
Property & Other County Tax	\$5,794,862	\$0	\$5,794,862	\$5,791,756	\$5,791,756	\$3,106
Interest & Penalty on Property Tax	43,705	0	43,705	25,605	25,605	18,100
Intergovernmental	6,732,989	0	6,732,989	6,440,103	7,229,253	(496,264)
Licenses and Permits	12,309	0	12,309	9,900	9,900	2,409
Charges for Services	543,167	0	543,167	500,000	523,275	19,892
Use of Money & Property	286,374	0	286,374	259,582	307,817	(21,443)
Miscellaneous	1,306,816	847,973	458,843	295,792	316,250	142,593
Total Receipts	14,720,222	847,973	13,872,249	13,322,738	14,203,856	(331,607)
DISBURSEMENTS:						
Public Safety & Legal Services	1,643,296	0	1,643,296	1,777,322	1,724,770	81,474
Physical Health & Social Services	3,200,215	0	3,200,215	3,351,937	3,368,648	168,433
Mental Health	1,750,058	0	1,750,058	1,751,043	1,868,823	118,765
County Environment & Education	969,660	0	969,660	1,035,828	1,086,267	116,607
Roads and Transportation	3,778,470	0	3,778,470	3,635,000	3,835,000	56,530
Governmental Services to Residents	437,769	0	437,769	480,064	480,064	42,295
Administrative Services	1,043,171	0	1,043,171	1,086,872	1,135,175	92,004
Non-Program	902,193	868,618	33,575	49,720	49,720	16,145
Debt Service	282,208	0	282,208	308,208	308,208	26,000
Capital Projects	392,037	0	392,037	840,000	908,466	516,429
Total Disbursements	14,399,077	868,618	13,530,459	14,315,994	14,765,141	1,234,682
Excess (Deficiency) of Receipts Under Disbursements	321,145	(20,645)	341,790	(993,256)	(561,285)	903,075
Other Financing Sources, Net	258,893	258,893	0	1,000	1,000	(1,000)
Excess (Deficiency) of Receipts & Other Financing Sources Under Disbursements and Other Financing Uses	580,038	238,248	341,790	(992,256)	(560,285)	902,075
Balance Beginning of Year	4,473,377	333,485	4,139,892	3,475,050	3,475,050	664,842
Balance End of Year	\$5,053,415	\$571,733	\$4,481,682	\$2,482,794	\$2,914,765	\$1,566,917

See Accompanying Independent Auditors' Report.

WRIGHT COUNTY
Clarion, Iowa

BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$14,720,222	\$226,141	\$14,946,363
Expenditures	14,399,077	(313,053)	14,086,024
Net	321,145	539,194	860,339
Other Financing Sources	258,893	66,990	325,883
Beginning Fund Balances	4,473,377	351,612	4,824,989
Increase in Reserve For: Inventories	0	36,917	36,917
Ending Fund Balances	<u>\$5,053,415</u>	<u>\$994,713</u>	<u>\$6,048,128</u>

See Accompanying Independent Auditors' Report.

**Wright County
Clarion, Iowa**

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriation lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non – program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, a budget amendment increased budgeted disbursements by \$449,147. This budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted in any function, but disbursements in certain departments exceeded the amounts appropriated.

Wright County

Schedule of Funding Progress for the Retiree Health Plan (In Thousands)

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
07-01-2008	\$0	\$537	\$537	0%	\$4,074	13.19%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB costs and Net OPEB Obligation, and the funded status and funding progress.

WRIGHT COUNTY
Clarion, Iowa

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Sheriff's Jail Commissary
ASSETS			
Cash & Pooled Investments	\$26,117	\$186	\$34,778
Receivables:			
Property Tax			
Delinquent	0	0	0
Succeeding Year	0	0	0
Accounts	806	0	253
Accrued Interest	15	0	0
Loans	0	0	0
Due from Other Governments	0	0	0
TOTAL ASSETS	\$26,938	\$186	\$35,031
LIABILITIES & FUND EQUITY			
Liabilities:			
Accounts Payable	\$0	\$0	\$0
Deferred Revenue			
Succeeding Year	0	0	0
Other	0	0	0
Total Liabilities	0	0	0
Fund Equity			
Fund Balances:			
Reserved	0	0	0
Unreserved	26,938	186	35,031
	26,938	186	35,031
TOTAL LIABILITIES & FUND EQUITY	\$26,938	\$186	\$35,031

See Accompanying Independent Auditors' Report.

Schedule 1

Sheriff's Room and Board	Sheriff's K-9	Attorney Share Forfeiture	Federal Forfeiture	State Forfeiture	Resource Enhancement & Protection	Economic Development Marketing
\$78,955	\$5,843	\$10,010	\$76,006	\$11,464	\$53,766	\$18,586
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	500
0	0	0	51	4	30	14
0	0	0	0	0	0	0
0	0	0	0	0	0	0
\$78,955	\$5,843	\$10,010	\$76,057	\$11,468	\$53,796	\$19,100
\$0	\$0	\$0	\$0	\$0	\$0	\$168
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	168
0	0	0	0	0	0	0
78,955	5,843	10,010	76,057	11,468	53,796	18,932
78,955	5,843	10,010	76,057	11,468	53,796	18,932
\$78,955	\$5,843	\$10,010	\$76,057	\$11,468	\$53,796	\$19,100

WRIGHT COUNTY
Clarion, Iowa

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Public Health Resource	Intermediary Relending Loan Program	Emergency Medical Services
ASSETS			
Cash & Pooled Investments	\$69,883	\$223,174	\$11,870
Receivables:			
Property Tax			
Delinquent	0	0	0
Succeeding Year	0	0	0
Accounts	0	0	0
Accrued Interest	43	90	0
Loans	0	302,661	0
Due From Other Governments	0	0	0
TOTAL ASSETS	\$69,926	\$525,925	\$11,870
LIABILITIES & FUND EQUITY			
Liabilities:			
Accounts Payable	\$673	\$25	\$0
Deferred Revenue			
Succeeding Year	0	0	0
Other	0	302,661	0
Total Liabilities	673	302,686	0
Fund Equity:			
Fund Balances:			
Reserved	0	0	0
Unreserved	69,253	223,239	11,870
	69,253	223,239	11,870
TOTAL LIABILITIES & FUND EQUITY	\$69,926	\$525,925	\$11,870

See Accompanying Independent Auditors' Report.

Schedule 1 (Continued)

Revolving Housing Assistance	Drainage Administration	Conservation Land Acquisition Trust	Debt Service	Capital Projects	Total
\$96,790	\$98,201	\$187,581	\$34,248	\$12,866	\$1,052,324
0	0	0	373	0	373
0	0	0	156,038	0	156,038
0	0	0	0	0	1,559
571	0	143	0	0	961
68,667	0	0	0	0	371,328
0	0	2,156	0	0	2,156
\$168,028	\$98,201	\$189,880	\$190,659	\$12,886	\$1,584,739
\$0	\$0	\$0	\$0	\$27,330	\$28,196
0	0	0	156,038	0	156,038
68,667	0	0	364	0	371,692
68,667	0	0	156,402	27,330	555,926
0	0	0	34,257	0	34,257
99,361	98,201	189,880	0	(14,464)	994,556
99,361	98,201	189,880	34,257	(14,464)	1,028,813
\$168,028	\$98,201	\$189,880	\$190,659	\$12,866	\$1,584,739

WRIGHT COUNTY

Clarion, Iowa

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2009

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Sheriff's Jail Commissary
REVENUES:			
Property and Other County Tax	\$0	\$0	\$0
Intergovernmental	0	0	0
Charges for Services	2,682	0	11,724
Use of Money & Property	181	0	0
Miscellaneous	0	0	0
Total Revenues	2,863	0	11,724
EXPENDITURES:			
Operating:			
Public Safety & Legal Services	0	0	8,164
Physical Health & Social Services	0	0	0
County Environment & Education	0	0	0
Governmental Services to Residents	11,517	0	0
Administration	0	0	0
Debt Service	0	0	0
Capital Projects	0	0	0
Total Expenditures	11,517	0	8,164
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,654)	0	3,560
Other Financing Sources (Uses)			
Interfund Loan	0	0	0
Interfund Loan	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(8,654)	0	3,560
Fund Balances – Beginning of Year	35,592	186	31,471
Fund Balances – End of Year	\$26,938	\$186	\$35,031

See Accompanying Independent Auditors' Report.

Schedule 2

Sheriff's Room and Board	Sheriff's K-9	Attorney Share Forfeiture	Federal Forfeiture	State Forfeiture	Resource Enhancement & Protection	Economic Development Marketing
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	16,618	0
7,536	0	0	0	0	0	0
0	0	0	569	70	824	179
0	4,700	159	0	4,225	0	15,383
7,536	4,700	159	569	4,295	17,242	15,562
0	41	24	11,435	6,217	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	23,078
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	46,988	0
0	41	24	11,435	6,217	46,988	23,078
7,536	4,659	135	(10,886)	(1,922)	(29,746)	(7,516)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	2,371	0	0
0	0	0	(2,371)	0	0	0
0	0	0	(2,371)	2,371	0	0
7,536	4,659	135	(13,237)	449	(29,746)	(7,516)
71,419	1,184	9,875	89,294	11,019	83,542	26,448
\$78,955	\$5,843	\$10,010	\$76,057	\$11,468	\$53,796	\$18,932

WRIGHT COUNTY**Clarion, Iowa****COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES****NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

Year Ended June 30, 2009

	Public Health Resource	Intermediary Relending Loan Program	Emergency Medical Services
REVENUES:			
Property and Other County Tax	\$0	\$0	\$0
Intergovernmental	0	0	0
Charges for Services	0	0	0
Use of Money & Property	622	75,581	0
Miscellaneous	29,043	0	0
Total Revenues	29,665	75,581	0
EXPENDITURES:			
Operating:			
Public Safety & Legal Services	0	0	0
Physical Health & Social Services	22,157	0	0
County Environment & Education	0	127,578	0
Governmental Services to Residents	0	0	0
Administration	0	0	0
Debt Service	0	0	0
Capital Projects	0	0	0
Total Expenditures	22,157	127,578	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,508	(51,997)	0
Other Financing Sources (Uses)			
Interfund Loan	0	0	0
Interfund Loan	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	7,508	(51,997)	0
Fund Balances – Beginning of Year	61,745	275,236	11,870
Fund Balances – End of Year	\$69,253	\$223,239	\$11,870

Schedule 2 (Continued)

Revolving Housing Assistance	Drainage Administration	Conservation Land Acquisition Trust	Debt Service	Capital Projects	Total
\$0	\$0	\$0	\$256,800	\$0	\$256,800
0	9,817	4,949	11,805	0	43,189
0	0	0	0	0	21,942
65,947	0	1,809	0	0	145,582
2,000	0	8,200	0	114,000	177,710
67,947	9,817	14,958	268,605	114,000	645,223
0	0	0	0	0	25,881
0	0	0	0	0	22,157
62,072	0	0	0	0	212,728
0	0	0	0	0	11,517
0	24,503	0	0	0	24,503
0	0	0	282,208	0	282,208
0	0	1,043	0	102,265	150,296
62,072	24,503	1,043	282,208	102,265	729,290
5,875	(14,686)	13,915	(13,603)	11,735	(84,067)
0	0	0	0	55,150	55,150
0	0	0	0	(55,150)	(55,150)
0	0	0	0	0	2,371
0	0	0	0	0	(2,371)
0	0	0	0	0	0
5,875	(14,686)	13,915	(13,603)	11,735	(84,067)
93,486	112,887	175,965	47,860	(26,199)	1,112,880
\$99,361	\$96,201	\$189,880	\$34,257	\$(14,464)	\$1,028,813

WRIGHT COUNTY
Clarion, Iowa

**COMBINING SCHEDULE OF FIDUCIARY
ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2009**

	County Offices	Agricultural Extension Education	County Assessor	Schools
ASSETS				
Cash & Pooled Investments:				
County Treasurer	\$0	\$2,270	\$116,469	\$119,831
Other County Officials	19,406	0	0	0
Receivables:				
Property Tax:				
Delinquent	0	9	8	388
Succeeding Year	0	165,179	157,597	8,802,624
Accounts	49	0	0	0
Accrued Interest	0	0	0	0
Assessments	0	0	0	0
TOTAL ASSETS	\$19,455	\$167,458	\$274,074	\$8,922,843
LIABILITIES				
Accounts Payable	\$0	\$0	\$470	\$0
Salaries & Benefits Payable	0	0	1,560	0
Due to Other Governments	14,035	167,458	266,201	8,922,843
Trusts Payable	5,420	0	0	0
Compensated Absences	0	0	5,843	0
TOTAL LIABILITIES	\$19,455	\$167,458	\$274,074	\$8,922,843

See Accompanying Independent Auditor's Report.

Schedule 3

Community Colleges	Corporations	Townships	City Special Assessments	Auto License & Use Tax	Other	Total
\$7,301	\$73,795	\$2,734	\$3,409	\$290,540	\$328,909	\$945,258
0	0	0	0	0	0	19,406
29	168	19	0	0	4	625
501,151	3,757,392	216,965	0	0	92,449	13,693,357
0	0	0	0	0	21,678	21,727
0	0	0	0	0	50	50
0	0	0	167,395	0	0	167,395
<u>\$508,481</u>	<u>\$3,831,355</u>	<u>\$219,718</u>	<u>\$170,804</u>	<u>\$290,540</u>	<u>\$443,090</u>	<u>\$14,847,818</u>
\$0	\$0	\$0	\$0	\$0	\$13,844	\$14,314
0	0	0	0	0	10,390	11,950
508,481	3,831,355	219,718	170,804	290,540	408,660	14,800,095
0	0	0	0	0	(570)	4,850
0	0	0	0	0	10,766	16,609
<u>\$508,481</u>	<u>\$3,831,355</u>	<u>\$219,718</u>	<u>\$170,804</u>	<u>\$290,540</u>	<u>\$443,090</u>	<u>\$14,847,818</u>

WRIGHT COUNTY
Clarion, Iowa

**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
ASSETS AND LIABILITIES – AGENCY FUNDS**
Year Ended June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools
ASSETS AND LIABILITIES				
Balances – Beginning of Year	\$10,254	\$162,767	\$237,280	\$8,536,913
Additions:				
Property & Other County Tax	0	170,083	161,952	9,061,087
E911 Surcharge	0	0	0	0
State Tax Credits	0	7,670	6,809	401,919
Driver License Fees	0	0	0	0
Office Fees & Collections	218,759	0	0	0
Electronic Transaction Fees	0	0	0	0
Auto Licenses, Use Tax & Postage	0	0	0	0
Assessments	0	0	0	0
Trusts	217,390	0	0	0
Miscellaneous	0	124	534	6,374
Total Additions	436,149	177,877	169,295	9,469,380
Deductions:				
Agency Remittances:				
To Other Funds	118,712	0	0	0
To Other Governments	91,262	173,186	132,501	9,083,450
Trusts Paid Out	216,974	0	0	0
Total Deductions	426,948	173,186	132,501	9,083,450
Balances – End of Year	\$19,455	\$167,458	\$274,074	\$8,922,843

See Accompanying Independent Auditors' Report.

Schedule 4

Community Colleges	Corporations	Townships	City Special Assessments	Auto License & Use Tax	Other	Total
\$533,404	\$3,753,890	\$247,650	\$144,962	\$278,758	\$514,892	\$14,420,770
517,390	3,873,023	224,441	0	0	95,101	14,103,077
0	0	0	0	0	85,283	85,283
24,891	199,879	10,135	0	0	8,667	659,970
0	0	0	0	79,631	0	79,631
0	0	0	0	0	0	218,759
0	0	0	0	0	2,551	2,551
0	0	0	0	3,241,108	0	3,241,108
0	0	0	119,738	0	0	119,738
0	0	0	0	0	244,193	461,583
286	0	247	0	0	783,893	791,458
542,567	4,072,902	234,823	119,738	3,320,739	1,219,688	19,763,158
0	0	0	0	128,831	0	247,543
567,490	3,995,437	262,755	93,896	3,180,126	650,107	18,230,210
0	0	0	0	0	641,383	858,357
567,490	3,995,437	262,755	93,896	3,308,957	1,291,490	19,336,110
\$508,481	\$3,831,355	\$219,718	\$170,804	\$290,540	\$443,090	\$14,847,818

WRIGHT COUNTY
Clarion, Iowa

**SCHEDULE OF REVENUES BY SOURCE AND
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS**

For the Last Seven Years

	Modified Accrual Basis		
	2009	2008	2007
Revenues:			
Property & Other County Tax	\$5,836,128	\$5,295,126	\$4,752,466
Interest & Penalty on			
Property Tax	44,104	37,785	37,595
Intergovernmental	7,005,066	6,443,329	5,867,073
Licenses & Permits	12,949	21,679	8,140
Charges for Service	557,591	543,306	474,686
Use of Money & Property	283,712	329,542	405,145
Miscellaneous	332,671	352,529	224,751
Non-Program	874,142	413,633	192,577
Total	<u>\$14,946,363</u>	<u>\$13,436,929</u>	<u>\$11,962,433</u>
Expenditures:			
Operating:			
Public Safety & Legal Services	\$1,649,360	\$1,541,242	\$1,524,566
Physical Health &			
Social Services	3,163,386	3,059,909	2,979,665
Mental Health	1,529,418	1,738,176	1,512,361
County Environment			
& Education	965,986	1,085,190	782,026
Roads & Transportation	3,645,625	4,309,793	3,452,115
Governmental Services to			
Residents	438,472	390,403	394,625
Administration Services	1,042,801	1,083,971	976,728
Non-Program	931,700	473,256	296,905
Debt Services	282,208	217,907	235,922
Capital Projects	437,068	163,735	982,057
Total	<u>\$14,086,024</u>	<u>\$14,063,582</u>	<u>\$13,136,970</u>

See Accompanying Independent Auditors' Report.

Schedule 5

Modified Accrual Basis			
2006	2005	2004	2003
\$4,324,172	\$4,335,560	\$5,192,685	\$5,000,118
37,622	37,128	34,793	37,416
6,019,667	5,872,072	5,850,284	5,258,406
10,153	9,420	9,567	4,065
492,079	522,565	479,889	435,710
388,875	256,392	204,246	222,420
214,892	312,946	558,401	2,476,337
233,397	587,925	728,481	0
<u>\$11,720,857</u>	<u>\$11,934,008</u>	<u>\$13,058,346</u>	<u>\$13,434,472</u>
\$1,520,355	\$1,390,447	\$1,331,130	\$1,208,316
2,822,320	2,738,244	2,696,302	2,522,677
1,501,416	1,287,161	1,448,386	1,425,804
717,778	815,667	797,332	680,120
2,958,515	3,261,860	2,921,667	3,024,214
511,328	369,741	321,153	298,828
1,005,368	867,901	859,642	936,506
316,800	716,588	1,312,576	3,613,795
168,962	168,678	168,433	167,332
401,644	271,090	215,223	469,047
<u>\$11,924,486</u>	<u>\$11,887,377</u>	<u>\$12,071,844</u>	<u>\$14,346,639</u>

Wright County

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		<u>\$966</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		<u>8,389</u>
U.S. Department of Housing and Urban Development			
Iowa Department of Economic Development			
Community Development Block Grant – Community Facilities and Services	14.228	07-CF-020	<u>297,253</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	99-CO99-038	<u>77,634</u>
U.S. Department of Health and Human Services:			
Iowa Department of Elder Affairs			
Retired Area Agency on Aging			
Special Programs for the Aging – Title III			
Part B – Medication Management	93.043		<u>1,445</u>
Part B – Personal Care	93.044		<u>6,828</u>
Part B – Assessment & Intervention	93.044		<u>1,725</u>
			<u>8,553</u>
Iowa Department of Public Health			
Immunization Action Plan	93.268	5888/489 5889/489	<u>13,886</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>7,756</u>
Refugee	93.566		<u>12</u>
Child Care Mandatory and Matching Funds of the			
Child Care and Development Fund	93.596		<u>2,234</u>
Foster Care – Title IV-E	93.658		<u>4,625</u>
Adoption Assistance	93.659		<u>1,129</u>
Medical Assistance Program	93.778		<u>10,148</u>
Expansion Title XXI	93.767		<u>63</u>
Social Services Block Grant	93.667		<u>5,083</u>

Schedule of Expenditures of Federal Awards (Continued)

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (Continued):			
U.S. Department of Health and Human Services (Continued):			
Iowa Department of Human Services (Continued):			
Social Services Block Grant	93.667		\$55,858
			<u>60,941</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management			
Division:			
Disaster Recovery – Public Assistance	97.036	DR 1763	749,234
Emergency Management Planning Grant	97.042		<u>13,989</u>
Total Direct			<u>\$966</u>
Total Indirect			<u>\$1,257,291</u>
Total			<u>\$1,258,257</u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Wright County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See Accompanying Independent Auditors' Report.



Gardiner Thomsen
Certified Public Accountants

Independent Auditors' Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Officials of Wright County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wright County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated April 28, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wright County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Wright County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wright County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Wright County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Wright County's financial statements that is more than inconsequential will not be prevented or detected by Wright County's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Wright County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-09, II-C-09, II-D-09 and II-E-09 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wright County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Wright County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Wright County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Wright County and other parties to whom Wright County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Wright County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

April 28, 2010

Gardiner Thomsen, P.C.



Gardiner Thomsen
Certified Public Accountants

Independent Auditors' Report On Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Officials of Wright County:

Compliance

We have audited the compliance of Wright County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2009. Wright County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Wright County's management. Our responsibility is to express an opinion on Wright County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wright County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Wright County's compliance with those requirements.

In our opinion, Wright County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Wright County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Wright County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wright County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Wright County's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Wright County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Wright County and other parties to whom Wright County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

April 28, 2010

Gardiner Thomsen, P.C.

Wright County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Part I: Summary of the Independent Auditors' Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (e) The audit disclosed no audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (f) The major program was CFDA Number 97.036 – Disaster Recover – Public Assistance.
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Wright County did not qualify as a low-risk auditee.

WRIGHT COUNTY
Clarion, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Part II: Findings Related to the Financial Statements

SIGNIFICANT DEFICIENCIES:

II-A-09 **Segregation of Duties** – During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the County Officials should review the operating procedures of each office to obtain the maximum internal control possible under the circumstances.

Response – We have reviewed procedures and plan to make the necessary changes to improve internal control.

Conclusion – Response accepted.

II-B-09 **Information Systems** – During our review of internal control, the existing control activities in the County's computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weakness in the County's computer based systems was noted:

The County does not have written policies for:

- Requiring user profiles to help limit access to programs to those who have a legitimate need.

Recommendation – The County should develop written policies addressing the above items in order to improve the County's control over computer based systems.

Response – The County will comply in the future with these recommendations. County officials have discussed and agree that these policies are needed.

Conclusion – Response accepted.

II-C-09 **Financial Reporting** – During the audit, we identified material amounts of receivables, payables and capital assets not recorded or incorrectly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables and capital assets are identified and included in the County's financial statements.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

WRIGHT COUNTY
Clarion, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2009

Part II: Findings Related to the Financial Statements (Continued)

II-D-09 **Preparation of Full Disclosure Financial Statements** – Internal controls over financial reporting include the actual preparation and review of financial statements, including footnote disclosure, for external reporting, as required by generally accepted accounting principles. Wright County does not have the internal resources to prepare the full disclosure financial statements required by GAAP for external reporting. While this circumstance is not uncommon for most governmental entities, it is the responsibility of management and those charged with governance, to prepare reliable financial data, or accept the risk associated with this condition because of cost or other considerations.

Recommendation – We recognize that with a limited number of office employees, gaining sufficient knowledge and expertise to properly select and apply accounting principles and preparing full disclosure financial statements for external reporting purposes is difficult. However, we recommend that County officials continue to review operating procedures and obtain the internal expertise needed to handle all the aspects of external financial reporting, rather than rely on external assistance.

Response – We recognize our limitations, however it is not fiscally responsible to add additional staff at this time.

Conclusion – Response acknowledged.

II-E-09 **Credit Card Policy** – Several departments have credit cards for use by various employees while on County business. The County does not have a written policy to regulate the use of credit cards and to establish procedures for the proper accounting of credit card charges.

Recommendation – The County should develop a written policy to regulate the use of credit cards and to establish procedures for the proper accounting of credit card charges.

Response – We will develop and implement a written policy as soon as possible.

Conclusion – Response accepted.

INSTANCE OF NON-COMPLIANCE:
No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCE OF NON-COMPLIANCE:

CFDA Number 97.036: Disaster Recovery – Public Assistance
No Matters were reported.

SIGNIFICANT DEFICIENCIES:

CFDA Number 97.036: Disaster Recovery – Public Assistance
No Matters were reported.

WRIGHT COUNTY
Clarion, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09**Certified Budget** – Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted in any function. Disbursements in certain departments exceeded the amounts appropriated.

Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – Appropriations will be watched more closely by the departments.

Conclusion – Response accepted.

IV-B-09**Questionable Expenditures** – Certain expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These expenditures are detailed as follows:

Paid To	Purpose	Amount
Clarion Super Food Two Invoices for Public Health	Food for Parenting Class and Board of Health Meals	\$136
Fareway Grocery, Inc. Two Invoices for Public Health	Food for Parenting Class	\$256
Daisy's on Main One Invoice for Public Health	Food for Training	\$113
Clarmond County Club One Invoice for Public Health	Food for OASIS Training	\$403
Hearts and Flowers One Invoice for Board of Supervisors	Roses for Retirees	\$22
Subway One Invoice for Public Health	Food for Parenting Class	\$27
Family Table One Invoice for Public Health	Dinner for Volunteer Appreciation	\$226
Pizza Ranch Twenty Invoices	Food for Meetings, Grants, and Training	\$1,406

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

WRIGHT COUNTY
Clarion, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting (Continued):

Recommendation – The Board of Supervisors and Public Health should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including requirements for proper documentation.

Response – A suggestion was made for the need to document the public purpose of these expenditures to the safety committee.

Public Health – These expenditures have been approved by the board of health, and are through the use of monies obtained from grants.

Conclusion – Response acknowledged.

IV-C-09 **Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-09 **Business Transactions** – The following business transactions between the County and County officials or employees were noted:

<u>Name, Title, and Business Connection</u>	<u>Transaction</u>	<u>Amount</u>
Fred Meeder, Deputy Sheriff Meeder Lock Service Owned by Fred Meeder	Lock Smith	\$1,161
Merle Weidemann, Secondary Road Employee STN Repair Owned by Merle Weidemann	Repair Shop	434
Carlos Rivera, Jailer	Translating Services	30
Denny Hammel, Secondary Road Employee	Chainsaw Sharpening	114
Mike Oliver, Secondary Road Employee	Placing Grave Markers	200
Stan Watne, Supervisor Watne Farms Inc. Owned by Stan Watne	Well Closure	600

The transactions noted above between the County and County employees do not appear to represent conflicts of interest since the total transactions for each individual were not in excess of \$1,500 per Chapter 331.342 of the Code of Iowa.

WRIGHT COUNTY
Clarion, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting (Continued)

IV-E-09Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.

IV-F-09Board Minutes – No transactions were found that we believe should have been approved in the board minutes but were not. We noted the Conservation Board went into closed session during the October 2008 and the November 2008 Board meetings. The documentation in the Board minutes does not show compliance with Chapter 21.5 of the Code of Iowa, regarding roll call votes and the October 2008 meeting makes no mention of the outcome of the closed session.

Recommendation – The Conservation Board should document a roll call vote to go into and out of closed session. The outcome of the closed session should be documented also, in accordance with Chapter 21.5 of the Code of Iowa.

Response – We will document the roll call vote and the outcome in the future as required.

Conclusion – Response accepted.

IV-G-09Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-09Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-09Economic Development – During the year ended June 30, 2009, the County spent \$231,400 for economic development purposes, which appears to be an appropriate expenditure of public funds since benefits to be derived have been clearly documented.

IV-J-09County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B. Disbursements during the year ended June 30, 2009 for the County Extension Office did not exceed the amount budgeted.

IV-K-09Disbursements – The Auditor does not receive invoices for several departments, instead the departments turn in a spreadsheet with a list of claims to be paid.

Recommendation – Claims should be accompanied by an invoice, showing the basis of the claim and whether for property sold or furnished for services rendered or for another purpose according to Chapter 331.504 of the Code of Iowa.

Response – The departments will maintain supporting documentation for each claim submitted.

Conclusion – Response acknowledged.

WRIGHT COUNTY
Clarion, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting (Continued)

IV-L-09 **Financial Condition** – The Capital Projects Fund had a deficit balance of \$14,464 at June 30, 2009.

Recommendation – The County should investigate alternatives to eliminate the deficit in the Capital Projects Fund.

Response – Payables were added at the end of the year, creating the deficit. We will watch our expenditures more closely.

Conclusion – Response accepted.

IV-M-09 **Community Disaster Grant** – It appears a written report specifying the use of the community disaster grant wasn't submitted to the Homeland Security and Emergency Management Division of the Department of Public Defense by January 1, 2010 as required by the Iowa Administrative Code Chapter 13.6.

Recommendation – The County should ensure that written reports specified should be filed in order to be compliant with the grant requirements.

Response – We did not realize there was a report to be submitted other than the information submitted at the time we applied for the grant.

Conclusion – Response acknowledged.

News Release

Gardiner Thomsen today released an audit report on Wright County, Iowa.

The County had local tax revenue of \$20,082,316 for the year ended June 30, 2009, which included \$900,527 in tax credits from the state. The County forwarded \$13,409,570 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,076,683 of the local tax revenue to finance County operations, a 9% increase from the prior year. Other revenues included charges for service of \$1,465,513, operating grants, contributions and restricted interest of \$6,890,473, Capital Grants of \$139,933, unrestricted investment earnings of \$98,204 and other general revenues of \$545,621.

Expenses for County operations totaled \$14,437,473, a less than 1% decrease from the prior year. Expenses included \$4,467,637 for Roads and Transportation, \$3,187,026 for Physical Health and Social Services, and \$1,704,579 for Public Safety and Legal Services.

A copy of the audit report is available for review in the County Auditors' Office, in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/reports/reports.htm>.

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